

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Production Technologies

Corporation for Manufacturing Excellence (Manex)

Production Technologies Uses Lean Practices To Reduce Costs By 25%

Client Profile:

Production Technologies, founded in 1991, provides contract manufacturing services to original equipment manufacturers in the analytical instrumentation, medical device, and computer industries. Twenty employees staff its Tracy, California facility.

Situation:

Production Technologies' president, Carl Banks, made great strides building a viable company over the past decade. The company established ISO 9000 certification. Employees received appropriate training for their job requirements. The company became a first-tier supplier to a major electronics company, and new opportunities to expand were in sight. Then, a key client presented Mr. Banks with a unique challenge: reduce unit cost by 25 percent within one year.

To meet this challenge, Mr. Banks realized that the company would have to improve efficiencies, reduce overtime, and reevaluate the main production line's disproportionate use of plant floor space. Mr. Banks had heard about lean enterprise from a colleague who experienced dramatic results in a relatively short timeframe working with the Corporation for Manufacturing Excellence (Manex), a NIST MEP network affiliate. Inspired, he called Manex for an informal assessment of his operation.

Solution:

Manex conducted the evaluation and recommended a five-day cellular/flow kaizen event that would train individuals from both manufacturing and administration.

Kaizen is an intense, focused approach to process improvement. The cellular/flow process links manual and machine operations into the most efficient combination of resources, creating balance and flexibility.

Manex's training services department helped Production Technologies apply for funding support from the California Employment Training Panel (ETP) to expedite the project. Once funding for the project was secured, Manex coached Production Technologies' manufacturing team members to help foster clear communications and to orient them to the new, more productive work model. By day three of the training, the company already experienced dramatic changes. By improving the floor layout, Production Technologies minimized parts movement, reduced wait time between operations, and increased productivity. The new cell (production line) utilizes 62 percent of its

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original space, opening up opportunities to add new cells. An added benefit is that new cells can be added quickly as business expands, with a minimum of capital investment.

Production Technologies was able to meet client expectations to reduce unit cost by 25 percent in only four weeks--a fraction of the time expected by the customer. Because the project was so successful, Banks is planning a similar project in another facility.

Results:

Accomplished 12-month goal to reduce unit cost by 25 percent in only four weeks.

Improved cycle time by 97 percent.

Decreased work-in-process (WIP) by 94 percent.

Reduced machine setup time by 88 percent.

Increased throughput (pieces per day) by 33 percent.

Decreased process area floor space by 38 percent.

Testimonial:

"I am definitely sold on the lean manufacturing concept, as well as using Manex to help me achieve my goal to become a world-class manufacturer."

Carl Banks, President